HAWAII HOUSING FINANCE AND DEVELOPMENT CORPORATION

MINUTES OF THE REGULAR MEETING
OF THE HAWAII HOUSING FINANCE AND DEVELOPMENT CORPORATION
HELD AT THEIR OFFICE AT 677 QUEEN STREET, SUITE 300,
ON THURSDAY, JANUARY 8, 2009
IN THE CITY AND COUNTY OF HONOLULU, STATE OF HAWAII

The Board of Directors (Board) of the Hawaii Housing Finance and Development Corporation (HHFDC) met for their Regular Meeting at 677 Queen Street, Suite 300, Honolulu, Hawaii, on Thursday, January 8, 2009, at 9:00 a.m.

CALL TO ORDER/ ROLL CALL

Chairman Charles King called the meeting to order at 9:00 a.m.

Present:	Director Charles King, Chairman Director David A. Lawrence, Vice Chairman Director Georgina Kawamura Director Linda Smith Director Allan Los Banos, Jr. Director Ralph Mesick Director Francis Jung
	Executive Director Karen Seddon
Excused:	Director Theodore E. Liu Director Betty Lou Larson
Staff Present:	Sandra Ching, Deputy Attorney General Craig Iha, Deputy Attorney General Janice Takahashi, Chief Planner Darren Ueki, Finance Manager Rick Prahler, Development Branch Chief Stan Fujimoto, Development Project Manager Edward Sunada, Fiscal Manager Dean Sakata, Housing Finance Specialist Patrick Inouye, Housing Finance Specialist Cynthia Okubo, Property Management Coordinator Esa Pablo, Secretary to the Board
Guests:	John Quinn, KMH, LLP Robin Freitas, KMH, LLP Jesse Wu, Stanford Carr Development Pam Witty-Oakland, St. Francis Jack Endo, Endo and Company LLC Iris Osaki, Endo and Company LLC

QUORUM

Chairman King declared a quorum present.

II. A. APPROVAL OF MINUTES 12/19/08 Regular Meeting

Director Lawrence moved, seconded by Director Los Banos to approve the meeting minutes of December 19, 2008.

The motion was unanimously approved.

Chairman King noted that there is a dedication ceremony today for the Mokuola Vista affordable family rental apartments project in Waipahu.

III. A. DISCUSSION AND/OR

Director Lawrence moved, seconded by Director Smith to approve Staff's recommendation:

DECISION MAKING
Approve a Waterline Easement to the County of Maui at the Villages of Leiali'i in Lahaina, Maui, Hawaii, TMK No.: (2) 4-5-21: por. 003.

That the HHFDC Board of Directors approve the dedication of a waterline easement over a portion of the Villages of Leiali'i Project in Lahaina, Maui, Hawaii, TMK (2) 4-5-21: por. 003, to the County of Maui Department of Water Supply for the existing Wahikuli Houselots Subdivision makai of the Villages of Leiali'i Project substantially as discussed in this For Action, and authorize the Executive Director to take all actions necessary to effectuate the purpose of this For Action, subject to the approval of the form and substance of the easement over ceded lands by the Department of the Attorney General.

Development Project Manager Stan Fujimoto presented the For Action, stating that the Villages of Leiali'i (VOL project) is a master planned community on 1,128 acres of land located in Lahaina, Maui.

The HHFDC procured Belt Collins Hawaii Ltd. to redesign a new master plan for the VOL project, which is currently ongoing.

In 1994, the HHFDC's predecessor agency, the Housing Finance and Development Corporation (HFDC) acquired 544 acres, in which VOL 1A and 1B were later transferred to the Department of Hawaiian Home Lands (DHHL) located below the proposed Lahaina By-Pass Highway.

The conveyance of the 544-acre lot precipitated the ceded lands litigation, in which the United States Supreme Court is scheduled to hear the State's appeal in February.

Before the transfer of title to HFDC for the 544-acre lot, the State of Hawaii issued Executive Order No. 2189 within the VOL project to the County of Maui for a reservoir and waterline easements for the existing Wahikuli Houselots Subdivision.

The County of Maui Department of Water Supply (Maui DWS) is requesting a new 15-foot wide waterline easement alongside and in the vicinity of the easements of Executive Order No. 2189, for the installation of a new 8-inch waterline.

If the proposed 15-foot wide waterline easement is approved, the existing easements of Executive Order No. 2189 will be cancelled.

The County of Maui acknowledges that the requested easement is on ceded land and the conveyance is subject to the approval of the State of Hawaii Attorney General.

Mr. Fujimoto opened for questions.

Director Smith inquired on what would take place if the proposed easement was not approved. Mr. Fujimoto responded that the Maui DWS could install the waterline under a right-of-entry from HHFDC, but a right-of-entry is only meant to be used for temporary permission to enter the land and DWS would not have permanent permission from HHFDC for the waterline.

Director Lawrence inquired on whether the 8-inch waterline would benefit the Villages of Leiali'i project. Mr. Fujimoto stated that the extension of the waterline would not; however, the waterline will be adequate in meeting fire flow requirements for the existing Wahikuli Subdivision.

Director Lawrence inquired on the acreage of DHHL's VOL 1A and 1B projects. Mr. Fujimoto stated that the property is approximately 75 acres.

The motion was unanimously approved.

III. B. DISCUSSION AND/OR DECISION MAKING
Approve an Extension to Resolution No. 009, Which Provides for Official Intent with Respect to the Issuance of Hula Mae Multi-Family Tax Exempt Revenue Bonds for the Franciscan Vistas Ewa Project Located in Ewa Beach, Oahu TMK No.: (1) 9-1-126-009.

Director Lawrence moved, seconded by Director Jung, to approve Staff's recommendation:

That the HHFDC Board of Directors approve the following:

A. Amend the For Action dated January 10, 2008 issuing an Inducement Resolution for the Franciscan Vistas Ewa project by extending the deadline to issue HMMF Bonds through January 31, 2010.

B. Authorize the Executive Director to undertake all tasks necessary to effectuate the purposes of this For Action.

Finance Manager Darren Ueki presented the For Action, stating that the Franciscan Vistas Ewa project (Project) is a 149-unit elderly project, located in Ewa Beach, Oahu.

On January 10, 2008, the Board approved the following: 1) Inducement Resolution No. 009 for the issuance of up to $21 million in Hula Mae Multi-Family (HMMF) Bonds; 2) an award of $1,386,836 in Federal Low Income Housing Tax Credits (LIHTC) and $693,418 in State LIHTC; and 3) an $11.725 million Rental Housing Trust Fund (RHTF) loan, consisting of $11 million in the form of a construction permanent loan and $725,000 in the form of a grant.

The Project will consist of 126 one-bedroom units and 23 two-bedroom units in 6 two-story buildings, owned by a single asset holding company, Franciscan Vista Ewa Limited Partnership (Partnership).

The Project's estimated completion date is in December 2010.

Staff evaluated the Partnership's request for extension based on the following three basic milestones: 1) site control - has been obtained; 2) zoning approvals - work is ongoing with the City and County of Honolulu (C&C), Department of Planning and Permitting (DPP) for foundation, grading, and building permits; and 3) securing financing commitments - work is ongoing on the Project's financing structure with Community Economics, Inc.

The Partnership proposes a private placement of the HMMF Bonds with one or two financial institutions that have been identified as possible lenders. The Partnership has also explored the possibility of a public sale of the bonds.

Mr. Ueki opened for questions, introducing Ms. Pam Witty-Oakland, from St. Francis and Mr. Jesse Wu, with Stanford Carr Development.

Director Kawamura inquired on the existing deadline for Inducement Resolution No. 009. Mr. Ueki responded that the expiration date is generally 12 months from the date that the Resolution is approved, which would be on January 10, 2009.

Director Smith inquired on the Project's status. Ms. Witty-Oakland thanked the Board for the opportunity and stated that the Project has received comments from the C&C regarding the Project's infrastructure plan and revisions will be resubmitted to the DPP for approval anticipated in April 2009. Mr. Wu reported on the financial aspect of the Project, stating that there are a couple of lenders interested in the private placement of the bonds, but there is still the potential to do a public offering. Discussions with Tax Credit investors for both the State and Federal LIHTC are ongoing, with the financial closing subject to the C&C's approval.

Director Lawrence inquired on the extension request letter dated December 5, 2008, with regard to the requested amount of $1.5 million in HOME funds. Ms. Witty-

Oakland stated that the requested amount of $1.5 million is in addition to the $700,000 of HOME funds received from the C&C.

Director Lawrence inquired on the $1.33 million from the Seattle Federal Home Loan Bank. Mr. Wu responded that due to the significant amount of funds requested, the Project was placed as the first alternate project and is currently awaiting approval.

Director Smith inquired on the two proposed financing sources for the Project being unavailable. Mr. Wu stated that both the HOME funds and Seattle Home Loan grant are important. However, the Project is part of a larger development and there are a number of variables that are being explored. Director Lawrence inquired on other gap financing alternatives for the Project. Mr. Wu stated that the Partnership would look towards managing the Project's costs to structure the gap financing, working with both financing organizations to obtain at least one of the financing sources. However, the Project has not arrived at that point.

The motion was unanimously approved.

III. C. DISCUSSION AND/OR DECISION MAKING
Accept the Audited Financial Statements of Kekuilani Gardens for the Fiscal Year Ended June 30, 2007.

Director Lawrence moved, seconded by Director Jung, to approve Staff's recommendation:

That the Hawaii Housing Finance and Development Corporation Board of Directors accept the Kekuilani Gardens audited financial statement for the fiscal year (FY) ended June 30, 2007.

Fiscal Manager Edward Sunada summarized the For Action, stating that the Kekuilani Gardens project (Project) consists of 56 units under the U.S. Department of Agriculture-Rural Development (USDA-RD) program.

During the FY 2007 audited period, Mr. Sunada noted that the Project ran under two different management groups, with Realty Laua LLC being its current management agent. The change in management has caused a setback in the auditing process with regard to the 2008 financial statements.

Mr. Sunada reported that the number of delinquencies have decreased in 2007. In ~~the~~ an effort to improve the Project's cash flow, a program was implemented to increase rents on an annual basis to assist in meeting the minimum reserve balance of $600,000, as required under the USDA guidelines. As of the end of FY 2007, the HHFDC had a reserve balance of approximately $456,000 for the Project.

Director Lawrence inquired on the permissible uses of the reserve funds. Mr. Sunada turned to Property Management Coordinator Cynthia Okubo, who stated that the reserve funds could be used for items such as painting and other capital improvements for the Project.

Director Smith asked when the Board could anticipate the financial statements for FY 2008. Mr. Sunada stated that the FY 2008 financial statement is currently in progress and will be completed shortly.

Director Smith inquired on material findings throughout the auditing process. Mr. Sunada turned to Mr. Jack Endo, from Endo and Company LLC. Mr. Endo stated that they are in the process of submitting a letter addressed to Executive Director Seddon, regarding suggestions on maintaining financial data.

In response to Chairman King, Executive Director Seddon stated that the letter would be available for the Board's review once received.

Director Jung inquired on the vacancy rates. Mr. Sunada reported that there was one vacant unit in 2006, three units in 2007, and five units in 2008, primarily due to evictions for non-payment in efforts to improve the Project's cash flow.

Director Jung inquired on the timeframe of the eviction process. Ms. Okubo stated that the process is between 30 - 60 days.

Director Smith inquired about the Project's eviction process. Ms. Okubo stated that the State of Hawaii Landlord-Tenant Code Laws is followed in the eviction process.

In response to Director Lawrence's inquiry regarding audit reports, Director Kawamura stated that the quarterly audits are usually done in-house, where as the annual reports are usually done by independent auditors.

In response to Director Smith, Executive Director Seddon concurred that projects federally funded by the USDA are required to obtain a separate individual audit.

Director Smith suggested that the HHFDC explore assets that do not comply with the Organization's core mission. Executive Director Seddon stated that the HHFDC is currently reviewing the projects and will have a plan for the Board's information in the near future.

Director Jung inquired on the zoning restrictions for the Kamaaina Hale project, stating that perhaps the Corporation could look into providing higher density to obtain a better transaction on the sale of the project. Executive Director Seddon stated that she would look into it.

Director Kawamura inquired on the status of the Kamaaina Hale project's Request for Proposals (RFP). Executive Director Seddon stated that the RFP is being finalized for advertisement.

Director Jung inquired on the asbestos issue with regard to the Kamaaina Hale project. Executive Director Seddon stated that the HHFDC is in the process of mitigating the asbestos units, which will be disclosed in the RFP.

Director Lawrence inquired on the eradication of the HHFDC's properties being a part of the strategic planning of the Corporation. Executive Director Seddon stated that the HHFDC is currently assessing its properties, focusing on projects that are not supported financially.

Director Lawrence inquired on the bifurcation of properties between the HHFDC and the Hawaii Public Housing Authority (HPHA). Mr. Ueki replied that projects financially funded by HHFDC's administered programs remained a part of the Agency.

The motion was unanimously approved.

III. D. DISCUSSION AND/OR DECISION MAKING
Accept the Audited Financial Statements of the Hawaii Housing Finance and Development Corporation for the Fiscal Year Ended June 30, 2008.

Director Lawrence moved, seconded by Director Los Banos, to approve Staff's recommendation:

That the Hawaii Housing Finance and Development Corporation's Board of Directors accept the audited financial statements for the fiscal year ending June 30, 2008 and authorize the Executive Director to finalize responses to management resources.

Fiscal Manager Edward Sunada commenced by introducing the auditors, Mr. John Quinn and Mr. Robin Freitas, with KMH, LLP (KMH).

Distributed to the Board, were two drafted letter handouts from KMH, regarding matters related to the annual audit and financial findings.

Mr. Sunada noted that there were a number of changes made to the draft financial statements since the Board packet was mailed and reported the following:

- The Corporation's total assets increased by $132.6 million, as opposed to $130 million stated in the For Action.

- Deferred income is approximately $2.7 million.

- Total government-wide revenues and expenses were $117.9 million and $48.8 million, resulting in an increase in net assets of $66.9 million.

- Business-type activities increased in net assets by $70.2 million.

- The Governmental activities net assets decreased by $1 million.

- Current assets increased by $45.6 million due to an increase in cash of about $30 million in the Rental Housing Trust Fund (RHTF), of which $15 million relates to a cash infusion from Act 213. The remaining increase in cash from the RHTF is related to revenues generated in excess of expenditures.

- Other assets increased by approximately $78 million due to a $53 million mortgage notes receivable to secure the conduit debt for the Multi-Family Revenue Bond Housing Fund and an increase in notes receivable of approximately $29 million in the Dwelling Unit Revolving Fund (DURF) received from the buyer of Kukui Gardens Parcel A.

- Current liabilities increased by approximately $35.7 million due to recognition of the $25 million of deferred income related to the Kukui Gardens project, an increase in the current portion of revenue bonds payable of approximately $7 million and an increase in the estimated future cost of land load of approximately $3 million.

- Long-term liabilities increased by approximately $27.6 million due to the issuance of $53.4 million in revenue bonds in the Multi-Family Revenue Bond Fund, which included $45 million for the acquisition financing for the Kukui Gardens and $8.4 million for the Kahului Town Terrace project. Bond redemptions totaled $18.2 million.

- Business-type activities increased the Corporation's net assets to $67.5 million due to the following:

    1) Charges for services were decreased by approximately $9.3 million, as a result of a $4.9 million reduction in conveyance tax and a decrease of approximately $4 million in unit sales in DURF; and

    2) Operating grants and contributions increased by $45.1 million due to the improvements made in the fair-value with mortgage-backed securities of $2.4 million in Single-Family Mortgage Purchase Revenue Bond fund approximately and $2.8 million in the Multi-Family Revenue Bond Fund, $15 million appropriated in Act 213, SLH 2007 to the RHTF and the $25 million appropriated within the Act 231, SHL 2007 to reimburse the DURF for the acquisition of Parcel A of the Kukui Gardens.

Mr. Sunada opened for questions, along with Mr. Quinn, from KMH.

Chairman King stated that he did not feel comfortable approving this For Action, due to the timing of when the documents were distributed.

Mr. Quinn gave an overview on the drafted letters, noting that the Department of Accounting and General Services (DAGS) is in the process of taking the liability associated with the retiree medical benefits and allocating those benefits to the different State agencies. Further instructions were not yet disclosed from DAGS.

Mr. Quinn explained that the first draft letter pertains to the rates of auditing standards that require certain communications between the auditors and Board members, stating that the auditor's responsibility is to engage with the Corporation to conduct an audit in terms of accepting the auditing standards as well as government auditing standards.

Mr. Quinn reported on the following:

- The auditor's responsibility under applicable auditing standards.
- Management judgments and accounting estimates - estimated future costs may change from year-to-year. For example, $33 million estimated liability related to the Kapolei project; $19.5 million of development costs for the Leiali'i project; and a promissory noted related to the Kukui Gardens project.
- Audit adjustments - Multi-Family Revenue Bond Fund: proceeds received from sold and purchased investments were deferred incorrectly and recognized as income; Single Family Revenue Bond Fund: increase in the arbitrage rebate liability due to the delay in procurement, adjustment in the deferred commitments; and DURF: with regard to the Kukui Gardens acquisition.
- Uncorrected misstatements - there were none.
- Accounting policies and alternative treatments - estimating decisions made by management were adequate and there were no policies that were found at risk or a concern to the Board.
- Other information in documents containing the audited financial statements - there are none that they are aware of other than the annual report that is currently being prepared. However, if there are additional documentations, KMH is required, under auditing standards, to review the document to ensure consistency with the financial statements.
- Disagreements with management - there were none.
- Consultations with other accountants - none known of.

Director Kawamura inquired on the financial statements being utilized for bond issuances. Mr. Quinn stated that there is a fee related to the review of the bond documents, unless utilized for such items as letters for shareholders or of that nature.

In response to the Board regarding the financial statements being part of the Comprehensive Annual Financial Report (CAFR). Mr. Quinn responded that the financial statements' intended use is for the CAFR.

Mr. Quinn noted that the Board has time to review the financial statements further to make a final decision at the next Board meeting in February.

Mr. Quinn continued on the following:

- Major issues discussed with management prior to retention - there were none.

- Difficulties encountered in performing the audit - facts and circumstances supporting the acquisition of the Kukui Gardens. KMH suggests performing a risk assessment, identifying key issues with the supporting documentation.

Director Mesick inquired on KMH's recommendation to the Board. Mr. Quinn stated that in discussions with Executive Director Seddon, the suggestion was to develop a plan, consisting of key issues, concerns, financial reporting, and overall operations of the Agency.

Director Mesick inquired on the Board being involved on the finalization of the proposed plan. Mr. Quinn stated that he believed that to be ideal, adding that it is important to be aware of the connections between a project's status report and the liability in terms of the financial statements.

Chairman King suggested that perhaps a subcommittee could be established to resolve those issues rather than coming back to the full Board.

Director Jung inquired on the draft letter's last paragraph. Mr. Quinn explained that the paragraph states that the financial statements were conducted solely on controls necessary. However, the financial statements could be compiled to reflect all internal controls of the Agency if that is the wish of the Board, but is not required.

Director Jung asked that the Board be given more information on what "deficiencies" were found, as raised in the second letter handout, with Director Mesick concurring, stating that the Board should have more discussions to better find a reasonable approach to resolve those issues. Mr. Quinn stated that could be arranged, noting that the word "deficiencies" is more of a plural grammar error; however, clarified that the Corporation's overall controls are good, but would need to improve on addressing more of the significant estimates.

Executive Director Seddon stated that the Kukui Gardens acquisition was a learning experience and the Corporation will be better prepared in the future for this type of transaction, commending former Executive Director Dan "Orlando" Davidson, Chief Planner Janice Takahashi, and Finance Manager Darren Ueki, for all their hard work regarding the acquisition of Kukui Gardens.

Director Jung asked that something be placed on the agenda for further discussion. Mr. Quinn concurred, stating that KMH would be happy to work together on those issues and do another review for the Board.

Director Lawrence inquired on the editorializing of the financial statements affecting the Agency's ability on obtaining funds from the Legislature. Director Kawamura stated the legislative impacts are always uncertain; however, the Board should be cognizant of the issues at hand and what the plan is in resolving those issues.

Executive Director Seddon stated that staff would go back with KMH to review the draft letters, making the necessary changes.

Mr. Quinn noted that with DAGS footnote pending, there is time to do another review on the financial statements if the Board wishes to do so.

Director Smith inquired on both the retiree and active employee Employer-Union Heath Benefits Trust Fund (EUTF) being included in the financial statements. Mr. Quinn stated that the EUTF benefits are included in the financial statements. Mr. Freitas clarified that he believes the entire EUTF liability is to be allocated in the financial statements, but would get back to the Board.

Director Lawrence inquired on the status of finding an adequate computer system for the Fiscal Department's needs, in terms of an RFP. Executive Director Seddon stated that the Agency has an RFP that is in the process of final review before issuance.

Director Mesick inquired on the significant estimates being reasonable. Mr. Quinn stated that Management feels those estimates to be reasonable.

Director Smith inquired on the Chairman's opinion on the approval of the financial statements and handouts. Chairman King stated that he would prefer that the Board approve the final version of the financial statements.

Director Jung moved, seconded by Director Lawrence, to defer the approval of the HHFDC financial statements to the next Board meeting.

Director Lawrence moved, seconded by Chairman King, to take a short recess.

RECESS
10:38 a.m.

The meeting was reconvened at 10:45 a.m.

RECONVENED
10:45 a.m.

V. REPORT OF THE EXECUTIVE DIRECTOR

Chairman King opened for discussions on the Report of the Executive Director.

Director Kawamura inquired on the status of the Kukui Gardens project with regard to the article in The Honolulu Advertiser. Finance Manager Darren Ueki stated that the news article was not factually correct and appeared to have only one source from Devine & Gong. The HHFDC's primary contact has been with EAH Housing, Inc (EAH), the managing partner. However, the HHFDC is in the process of scheduling a meeting with EAH and Devine & Gong to address the misinformation.

Director Lawrence inquired on the residents of the Kukui Gardens project. Mr. Ueki stated that in exploring the Kukui Gardens project agreements, staff has found that there are certain requirements dealing with the affordability factor and the land. Chief Planner Janice Takahashi added that under the U.S. Department of Housing and Urban Development (HUD) lease agreement, the ownership is required to maintain the existing rents until 2011. From 2011 and on, the ownership is required to obtain certain affordability levels and is not able to go to market.

Director Smith commended Mr. Ueki for his efforts in bringing the partnership, consisting of EAH and Devine & Gong, together and encouraged the Board to support the proposed legislative incentive regarding the State Low Income Housing Tax Credits (LIHTC) in terms of a 5-year period as opposed to a 10-year period.

Chairman King inquired on issuing a statement to the Honolulu Advertiser on the misconceptions. Mr. Ueki stated that the HHFDC would like to speak to both parties before going any further. Director Lawrence also concurred.

Director Kawamura inquired on calls received by Legislators. Mr. Ueki stated that he is not aware of any calls. Ms. Takahashi stated that there were discussions with

Representative Rhoads prior to this news article.

Director Mesick inquired on the outcome, if no syndicator is found on the tax credits for the Kukui Gardens project. Mr. Ueki stated that he does not have the exact dollar amount of the credits on hand. However, if no syndicator is found for the tax credits, the project would need to find other means of creating additional capital, like increasing the rents to reduce the project's gap equity.

Director Kawamura inquired on the second payment of the General Obligation bonds being used to support the rehabilitation of the Kukui Gardens project. Mr. Ueki stated that a portion would allow them to sign the construction contract and pay down the Multi-Family Revenue Bond debt.

Director Lawrence inquired on the financing structure of the Kukui Gardens project. Mr. Ueki stated that the sale of the tax credit equity plays a large part of the financing structure, adding that the HHFDC is the owner of the land and the partnership, consisting of EAH and Devine and Gong, are the owners of the long-term lease.

In response to the Board regarding the Finance Branch Monthly Status Report, Mr. Ueki reported on the following:

- The HHFDC tracks all LIHTC closely and composes the underwriting in terms of the financing for a project. With regard to the economy, there are challenges in the sale of the tax credits; however, there are potential deals that continue to be proposed.

- There has been a total disbursement of $3 million in funds from the HOME program.

- The federal government funds the National Foreclosure Mitigation Counseling (NFMC) program. Ms. Takahashi stated that HUD usually administers the federal grants; however, in this case, the NeighborWorks America has been selected to administrate the Neighborhood Stabilization Program for the federal government. The Request for Proposals (RFP) was issued in November 2008 and five non-profit agencies were selected to provide counseling services.

- HUD has approved the HHFDC's plan regarding the use of the NSP funds.

- The Auction Rate Security (ARS) interest rate resets every seven days, with the maximum percentage rate of 12%. According to the sensitivity analysis report, the HHFDC could hold the ARS for approximately 6 to 8 months.

In response to Director Mesick's previous inquiry regarding the tax credit equity of the Kukui Gardens project, Mr. Ueki stated that the credit equity is approximately $27 million.

Director Mesick inquired on the current cents on the dollar for each credit. Mr. Ueki stated that he would follow up and forward the information.

V.I. ADJOURNMENT

With no further business on the Agenda, Director Kawamura moved, seconded by Director Lawrence, to adjourn the meeting at 11:15 a.m.

Betty Lou Larson

BETTY LOU LARSON
Secretary